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# California Legislature

## Senate Committee

on

## Labor and Industrial Relations

RICHARD ALARCÓN

CHAIR

January 28, 2003

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Gustavo A. Valdespino  
Senior Vice President of Operations  
Tenet Healthcare  
MacArthur Place  
3 Imperial Promenade, Suite 600  
Santa Ana, California 92707

Dear Mr. Valdespino,

I was most disappointed in your meager proposal to reduce the workers' compensation reimbursement rates at Tenet Healthcare.

At the public hearing of the Senate Committee on Labor and Industrial Relations you made a specific commitment to me to provide the Committee with a viable proposal to reduce your reimbursement rates similar to Tenet's proposal to reduce rates with respect to Medicare.

Rather than presenting realistic and actual workers' compensation rate reductions, your proposal shifted responsibility to the State Legislature and the Division of Workers' Compensation (DWC) and argued that reductions in contracted rates were unnecessary, as those rates were "very competitive." Your willingness to reduce your outlier reimbursement rate by \$3.1 million dollars is just a start, and even that you claim incapable of ensuring until the Legislature and DWC take action. While I may agree with some of the ideas presented in the letter, you failed to present any real rate reductions.

This proposal is unacceptable at best and unconscionable at worst. Accordingly, I will be incorporating a specific request for review of your proposal and your overall workers' compensation billing practices in the audit request I will be submitting to the Joint Legislative Audit Committee.

Please be advised that the people of California and I took my request for a proposal from you very seriously. The cavalier manner of your response makes it clear that Tenet's notions regarding corporate responsibility and greed differ greatly from my own.

Yours truly,

Richard Alarcón, Chair,  
Senate Committee on Labor and Employment